

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 1184-01
BILL NO.: HB 383
SUBJECT: Circuit Clerks: Counties, Recorder of Deeds
TYPE: Original
DATE: February 17, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$22,233) to Unknown	(\$28,962) to Unknown	(\$29,686) to Unknown
Special Fund for Recorders	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$22,233) to Unknown	(\$28,962) to Unknown	(\$29,686) to Unknown

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue** stated that as this proposal is currently worded, the Division of Taxation would require 1.0 FTE, a Tax Processing Tech I. The Tech I duties would be to track and distribute the funds to the eligible counties. Officials estimate costs to the General Revenue Fund for 6 months of FY 2002 at \$22,233; and \$28,962 in FY 2003; and \$29,962 in FY 2004.

State Courts Administrator officials stated that there would be no appreciable state costs or savings.

Officials stated that Section 59.333 provides for an additional \$10 fee for recording any instrument. The fees would be paid to the Director of Revenue, who would receive and hold the monies in a fund outside the state's treasury with records - tracking receipts by county. Money would be returned only to those counties that adopt or have adopted a system of appointed Circuit Clerks as provided for in Section 483.015 RSMo, or section 483.018 RSMo. Money received from a county would be paid back to the county, 20% going to the Recorders Fund and 80% going to a special fund established within the county's treasury to provide for the operation of the Recorder of Deeds Office.

Monies that would not be returned to counties that have not adopted the provisions of this proposal would build up in the State Court Administrator's special fund and after a year would be transferred to the state's General Revenue Fund.

Officials stated that they obtained information from the Recorder of Deeds organization that about 1.3 million instruments are recorded annually, which would yield about \$13,000,000 annually.

Office of Administration-Division of Accounting officials assume no fiscal impact.

Office of the State Treasurer assumes no fiscal impact to their office.

The **Osage County Circuit Clerk** stated that the \$10 fee would generate approximately \$22,000 annually, and estimate annual costs of operating the Recorder of Deeds office at \$44,000 for an annual loss of revenue to the County of \$22,000.

The **St. Louis County Circuit Clerk** stated there would be no fiscal impact to county funds.

ASSUMPTION (continued)

The **Howard County Commission** stated that income from the \$10 fee would generate approximately \$24,000 annually. Officials estimate there would be one-time cost of furnishing the Recorder's office of \$225,000. Officials estimate annual costs in FY 03 and 04 at \$60,000. Officials estimate an annual loss of revenue to the county of \$36,000.

The **Lewis County Circuit Clerk & Ex-Officio Recorder of Deeds** assumes that the \$10 fee would cover the cost of operating the Recorder of Deeds office, therefore, there would be no fiscal impact.

Oversight assumes that in counties where the Circuit Clerk is elected, the question of making the Circuit Clerk position an appointed position would require voter approval. Those counties which choose to put the question on a ballot would have election costs.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (6 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Income to GR Fund</u>			
From Director of Revenue (Undistributed Fees)*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost to Department of Revenue</u>			
Personal Service (1.0 FTE)	(\$10,596)	(\$21,722)	(\$22,265)
Fringe Benefits	(\$3,532)	(\$7,240)	(\$7,421)
Equipment	(\$8,105)	\$0	\$0
Expense	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Cost to Department of Revenue	(\$22,233)	(\$28,962)	(\$29,686)
Estimated Net Effect to General Revenue Fund	(\$22,233) to Unknown	(\$28,962) to Unknown	(\$29,686) to Unknown

***The amount of undistributed fees transferred to General Revenue would depend upon the number of counties that would not adopt the system of having an appointed Circuit Clerk, and the amount of fees collected in those counties.**

FISCAL IMPACT- State Government

**Director of Revenue Special Fund for
Recorder of Deeds**

<u>Income</u> - \$10 recording fees	\$6,500,000	\$13,000,000	\$13,000,000
<u>Cost</u> - Up to 20% to County Recorder's Funds	(\$0 to \$1,300,000)	(\$0 to \$2,600,000)	(\$0 to \$2,600,000)
<u>Cost</u> - Up to 80% to County General Revenue Funds	(\$0 to \$5,200,000)	(\$0 to \$10,400,000)	(\$0 to \$10,400,000)
<u>Cost</u> - Transfer to General Revenue Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON DIRECTOR OF REVENUE SPECIAL FUND FOR RECORDERS*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*Any amounts not distributed to county funds would be transferred to the state's General Revenue Fund.

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (6 Mo.)	FY 2003	FY 2004
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COUNTIES

<u>Income</u> - \$10 Recorder Fees	\$6,500,000	\$13,000,000	\$13,000,000
<u>Cost</u> - Transfer of Fees to DOR	(\$6,500,000)	(\$13,000,000)	(\$13,000,000)
<u>Income</u> - Transfers from DOR Recorders' Special Fund	\$0 to \$6,500,000	\$0 to \$13,000,000	\$0 to \$13,000,000
<u>Cost</u> - Recorders' Administration	(\$0 to \$6,500,000)	(\$0 to \$13,000,000)	(\$0 to \$13,000,000)

NET EFFECT ON COUNTIES WITH APPOINTED CIRCUIT CLERKS*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*Based on statements submitted not all counties estimate that the \$10 fee would defray the costs of operating an independent Recorder of Deeds Office should the voters approve a system of appointing Circuit Clerks.

FISCAL IMPACT - Small Business

Small businesses would have fiscal impact to the extent that they would pay an additional \$10 fee when recording instruments.

DESCRIPTION

This bill changes the law relating to the appointment of judicial personnel. In its major provisions, the bill:

- (1) Transfers from the Circuit Clerk to the County Clerk certain duties relating to the salary commission of nonchartered counties;
- (2) Allows counties with combined offices of Circuit Clerk and Recorder of Deeds to separate the offices by voting to approve a system of appointed circuit clerks;
- (3) Establishes an additional fee of \$10 to be collected by the Recorder of Deeds for recording any instrument. All of these fees must be paid to the Director of Revenue who distributes to the counties having a system of appointed clerks the fees collected in those counties. The counties must use 20% of the fees for the purposes expressed in Section 59.319, RSMo, and 80% must be deposited in a special fund in the county treasury to be used for the costs of operating the recorder's office. The fees collected in counties which do not adopt a system of appointed clerks are distributed to the State's General Revenue Fund;
- (4) Authorizes procedures for counties other than first classification counties with a charter or constitution form of government to submit to the voters the issue of appointing rather than electing circuit clerks;
- (5) Authorizes the Supreme Court to establish administrative rules concerning circuit court personnel. The court is authorized to determine the salaries of circuit clerks after January 1, 2003;
- (6) Allows the circuit court, rather than the Governor, to appoint a person to fill a vacancy in the office of Circuit Clerk; and
- (7) Requires the circuit clerks of Marion County to maintain one office in Hannibal and another

DESCRIPTION (continued)

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office in Palmyra and provides for filling vacancies that occur in these offices after January 1, 2003.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
State Treasurer's Office
State Courts Administrator
Office of Administration
Lewis County Circuit Clerk
Osage County Circuit Clerk
St. Louis County Circuit Clerk
Howard County Commission

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
February 17, 2001